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CURRENT INTELLIGENCE WEEKLY SUMMARY

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PART I**OF IMMEDIATE INTEREST****USSR GUIDES FOREIGN COMMUNISTS ON "PEACEFUL COEXISTENCE"**

The USSR reportedly is providing foreign Communist parties with an interpretation of Khrushchev's policy of "peaceful coexistence" which apparently is designed both as a guideline for propaganda and as a means of overcoming any confusion and apprehension within the world Communist movement regarding the long-range implications of this policy.

The major aims of Khrushchev's present line are to isolate the United States from the rest of the world and to gain time in which to build up the bloc's military and economic power

The Soviet premier's strategy was said to call for preserving the status quo for "seven years or so," after which the USSR and Communist China will be so strong that they will be able to prevent "imperialist" intervention in countries where revolutions are taking place. With this major shift in the international balance of power toward the Sino-Soviet bloc, recurrence of such situations as Taiwan and Korea will be avoided

The Kremlin is said to feel that "official circles"

in the United States are divided between those who favor coexistence with the USSR and those who favor a policy of maintaining tension. The major achievement of Khrushchev's visit to the United States

was his exploitation of this rift to gain more backing from the "coexistence" group, which allegedly commands greater support with the American people.

Moscow reportedly assumes that nothing will come of Khrushchev's proposal for general and complete disarmament. While there may be partial disarmament, the "imperialists" are fundamentally opposed to disarmament, in Moscow's view.

a major objective of the USSR reportedly is to convince the American people they would be losers in a nuclear war. Soviet sputniks and luniks were said to have been successful to a great extent in demoralizing the American people.

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SITUATION IN LAOS

The pattern of recent military activity in Laos remains essentially unchanged. Scattered small-scale skirmishes and Communist insurgent propaganda activities continue.

In Sam Neua Province, the rebels are avoiding attacks on fixed government positions but are reportedly using several mountain-top strong points to harass Laotian Army elements with ambush-type attacks by small guerrilla groups. In the two southernmost provinces, the Laotian Army reportedly controls only Pakse and the area to the west of it in Champassak Province and the valley near Attapeu town in Attapeu Province. In the rest of the area, the Communists are free to propagandize and organize the inhabitants, many of whom are tribesmen who have long

been dissatisfied with the central government for its neglect of indigenous minority groups.

Prince Souphannouvong and eight other leaders of the pro-Communist Neo Lao Hak Zat (NLHZ), who have been under arrest since July, will face trial beginning on 26 October on charges of crimes against the state. The maximum sentence for such offenses is death, and the American Embassy in Vientiane believes that final judgments will be pronounced in the second half of November.

Trial of these leaders will intensify antigovernment sentiment in Laos and be regarded by North Vietnam and other bloc countries as further provocation in violation of the Geneva Agreements. While conviction of the defendants would severely deplete the

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incumbent National Assembly's mandate.

The army-backed Committee for the Defense of National Interests (CDNI), which shares power with the RLP, is obstructing moves toward a constitutional amendment, however, and appears to favor permitting the assembly's mandate to expire on schedule in December, at which time the regent, Prince Savang, would set a new date for elections and appoint an interim government. The CDNI probably calculates that the regent, who strongly supports the party, would give it a greater share of cabinet portfolios, if not eliminate Phoui and the RLP altogether.

Phoui himself has voiced concern that the CDNI, with army backing, may be considering taking advantage of the present

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NLHZ's overt political leadership, actual control of party matters has presumably long since passed to those leaders who went underground when the Communist rebellion began in July or were otherwise inaccessible to government arrest.

Political maneuvering in Vientiane over how to postpone national elections required by the constitution to be held this December is producing friction which could lead to a government crisis. Premier Phoui's conservative Rally of the Lao People (RLP) favors a constitutional amendment extending the

ent dilemma over the elections to deny the RLP its "rightful share" of authority until new elections are possible. The extraordinary powers granted the Phoui government by the present legislature expire in January, and Phoui hopes to have them renewed after the constitutional amendment.

Further action on this problem will probably await Phoui's return from the United States near the end of the month.

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MIDDLE EAST HIGHLIGHTS**Iraq**

Although the situation in Iraq remains outwardly calm, Iraqi security authorities are faced with the possibility of disorder when Qasim leaves the hospital. The Communist press, hammering at the inefficiency of the security forces in protecting Qasim, is renewing its demands that the Communist-dominated Popular Resistance Force (PRF) be reactivated. The PRF was suppressed for its participation in the Kirkuk massacres last July.

The Socialist National Democratic party (NDP) press, attacking both right and left as too extreme, has called on Qasim to form a political party, or at least to signify his intentions of doing so. The NDP is generally credited with implying that the Communists were involved in the assassination attempt; the Communists are alleging that the Baathists were responsible.

People's Court President Col. Mahdawi, a pro-Communist, has returned to center stage since cutting short his trip to the USSR and Communist China. After charging the UAR with complicity in the assassination attempt, Mahdawi announced that his court will begin trying the "criminal traitors" implicated

in the shooting, possibly by the first of November.

On 15 October, Military Governor Abdi, who has been running the country during Qasim's hospitalization, declared in a press interview that the UAR was behind the attempt. Abdi made unsubstantiated charges that UAR forces had been massed on the Iraqi border in north-eastern Syria and that agents had been sent into Iraq to carry out terrorist activities. Qasim appears to be relying on the vocal Mahdawi rather than on the evidence of the special committee appointed to investigate the attack.

Tension between Tehran and Baghdad over navigation on the Shatt al-Arab has sharpened. A serious incident could occur if the Pan American Oil Company supply ship at the Iranian port of Khosroabad defies Iraqi port authorities and attempts to move down-river as scheduled on 23 October, flying the Iranian flag and proceeding without an Iraqi pilot.

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The long-standing dispute is complicated by the parties' conflicting interpretation of normal operating procedures on the river and by Iran's tendency to try to involve foreign flags in the matter.

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Sudan-UAR

Negotiations are still under way in Cairo between high-level Sudanese and UAR officials on sharing the Nile waters. Both governments have made extraordinary efforts to keep press commentary optimistic and to maintain an atmosphere conducive to fruitful talks. President Nasir made a special point of personally welcoming the Sudanese delegates when they arrived. Separate negotiations, which also began on 10 October, concerning trade and financial relations resulted in quick agreement between the two countries.

Prime Minister Abboud, whose military government is confronted with growing internal political pressures as well as by continued plotting by dissident junior officers, appears anxious for a settlement of the long-standing Nile waters dispute. Abboud has reportedly ordered the head of the Sudanese delegation to agree to the UAR position on minor issues in order to improve the chances for realistic bargaining on the major question--the amount of the "unallocated" portion of the waters to be allotted to each of the two countries.

While the negotiations thus far have served to narrow the scope of disagreement, there is still no sign of a breakthrough on this vital issue. Such a breakthrough would require further concessions on both sides. Rather than wind up the negotiations without agreement on a new, permanent Nile waters pact, however, both sides might consider a provisional agreement--either one which allocated tentative shares subject to revision at some future date, or one which distributed only part of the "unallocated" waters and left an undistributed amount for future allocation.

Yemen

The Yemenis are engaged in a new round of bargaining with Cairo. The Imam continues to seek some way out of his financial difficulties.

Prince Abd al-Rahman, director general of the Yemeni Foreign Ministry, is scheduled to arrive in Moscow this month to attend the October Revolution celebration.

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Moscow will probably give the prince the same red-carpet treatment accorded Crown Prince Badr during his visit in 1956, following which Badr displayed a consistently pro-Soviet attitude.

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The USSR may use the opportunity to make a new offer of economic assistance to Yemen which the Imam, in his present straits, would find difficult to refuse, despite numerous reports of his plans for cutting back Sino-Soviet activities in Yemen.

Jordan

The trial of the latest group of alleged conspirators against King Husayn's regime was climaxed on 17 October with an announcement that of the 18 accused, three were sentenced to death, including Maj. Gen. Sadiq Shara, former army chief of staff, his brother, and a civilian who allegedly was the principal contact man of the group. Husayn reportedly has not decided whether to carry out the executions. He probably will alienate elements in the Jordanian Army no matter what he decides. The American Embassy reports that the Jordanian public has shown no marked reaction to the sentences.

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The "Sidon Claim"

Saudi Arabia's oil now is being exploited solely by ARAMCO, which is producing at a rate of about 1,100,000 barrels daily. Most of this production is shipped from the Persian Gulf oil port of Ras Tanura, but more than 30 percent is carried to the Mediterranean by TAPLINE. This pipeline now is operating at only 300,000 barrels a day--its capacity is 450,000 barrels a day--partly for economic reasons, but reflecting also uncertainty over the possibility of interrupted operations. The same group of American companies owns ARAMCO and TAPLINE.

Saudi Arabia has held that ARAMCO, since 1950, has diverted a substantial amount of its profits to the owners of TAPLINE--profits which the Saudis claim should have been shared on a

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50-50 basis with the Saudi Government. Tariqi has calculated, on this basis, that ARAMCO by mid-1959 owed the Saudi Government \$185,000,000 in back revenues. ARAMCO, however, notes that Saudi Arabia has received all payments called for under its agreements with TAPLINE and ARAMCO. The companies had been willing, nonetheless, to settle for \$45,000,000, providing Jidda

agreed to modifications of the existing payments formula under which Saudi Arabia would receive much larger payments from TAPLINE beginning in July 1962.

The companies' eagerness for a settlement stems from the fact that future TAPLINE royalty payments to Saudi Arabia called for under this formula, which they feel they must honor, would



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either exceed the total profits of the line or give the company such a small return it would make continued operations impractical.

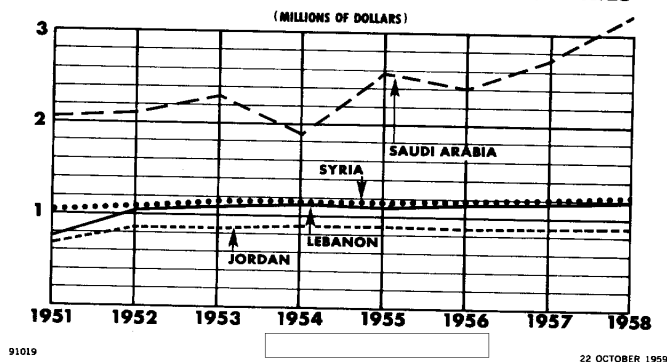
The Saudi bargaining position is strong, since by waiting until mid-1962 the government will be unquestionably entitled to most of the profits from TAPLINE's operation and it could still press its Sidon claim. The companies' offer is largely an effort to rewrite the agreement so as to scale down benefits which it admits the Saudis are ultimately entitled to.

Although the issues in the Saudi dispute would not have been critical until 1962, UAR demands for additional revenues from TAPLINE for its transit of Syria have brought matters to a head.

The UAR's Demands

While the Saudi dispute chiefly involves claims against ARAMCO, Cairo's demands are aimed solely at TAPLINE. Essentially, the UAR is demanding a substantial increase in the \$1,-200,000 the company now pays for operating the pipeline passing through Syrian territory.

TAPLINE also transits Jordan and Lebanon as well as Saudi Arabia. Although the company is willing to increase payments substantially to all transit countries, it holds that payments according to the formula demanded by the UAR, if applied to all transit countries, would

TAPLINE'S PAYMENTS TO TRANSIT COUNTRIES

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exceed total profits of the line. In any event, since Saudi claims against ARAMCO involve these same TAPLINE "profits," that dispute must be settled to determine how much will be left to divide among the transit countries.

In an effort to enforce its demands for additional revenue, Cairo issued an ultimatum that the company come to an agreement by 9 September or the UAR would issue a tax decree to yield revenue equal to its demands. Cairo, however, heeded the plea by TAPLINE executives that the Saudi-ARAMCO dispute directly affects TAPLINE's ability to pay, and extended the deadline to the end of October.

With the impasse in the Saudi-ARAMCO negotiations and the company position that it therefore cannot meet UAR demands, it appears increasingly likely that TAPLINE may shut down in the next few weeks. TAPLINE's position is that the disputes with transit countries are subject to arbitration; the UAR refuses arbitration. TAPLINE is likely to continue to operate, probably at a further reduced level, unless shut down by direct UAR action.

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Nasir's Reaction

The UAR's demands for more revenues from TAPLINE appear to stem chiefly from economic considerations, and Nasir would welcome an opportunity to demonstrate to the Syrians that he can deliver the economic goods. Nasir seems to realize there is not likely to be any political benefits resulting from a shut-down that would not be completely overshadowed by adverse reaction in the West--particularly in view of Cairo's hopes for

a Western loan to finance Suez Canal expansion and the government's plans for attracting more investment. Thus, it remains possible that President Nasir might again postpone implementation of the ultimatum.

If the pipeline shuts down, Egypt probably would collect an estimated \$17,000,000 annually in additional canal dues from a large portion of Saudi oil exports to Europe which would be forced to transit the Suez Canal.

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THE SITUATION IN CUBA

Strong opposition has evidently been aroused among some of Fidel Castro's trusted officials by his support of leftists and pro-Communists in the Cuban Government. Huber Matos, one of Castro's top lieutenants during the fight against Batista, resigned as governor of Camaguey Province this week because of his conviction that extremists led by Raul Castro and "Che" Guevara are now firmly in control of the Castro regime. Under his governorship Camaguey has been the province least penetrated by Communists, but recently a known leftist was named agrarian reform delegate to Camaguey with particularly broad powers. It was his accusations which brought Matos' resignation. There have been reports of dissatisfaction over Communist influence by other provincial officials, but

none has taken a public stand.

Fidel Castro's violent reaction to the situation indicates his probable fear that some middle-class groups which supported the revolution but are now disenchanted by its excesses might rally to the popular and respected Matos. The prime minister personally supervised his arrest on charges of high treason and aroused



RAUL CASTRO



GUEVARA

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the local residents against Matos, whose character and motives he savagely maligned, and against students and others who had already come out in support of the ousted governor.

Castro seems increasingly infuriated by any criticism or failure to agree with him. He appeared to be in a highly emotional and aggressive state

during an unexpected TV speech on 19 October when he again lashed out against alleged opponents of the revolution in a strongly anti-US speech. He vehemently endorsed his brother Raul and Guevara as true exponents on whom he relied to carry out the revolution, "whatever happens." [redacted]

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PART II**NOTES AND COMMENTS****THE ALGERIAN PROBLEM**

The French National Assembly's 441-to-23 vote on 15 October endorsing De Gaulle's Algerian program strengthens his authority to deal with the rebels, and police raids have attempted to forestall extralegal action by rightist groups.

The debate and confidence vote was the first occasion on which the Algerian question had been squarely faced in the French assembly since De Gaulle came to power. Although many deputies abstained or only reluctantly approved, the net result was a clear delegation of powers to De Gaulle to solve the Algerian problem along the lines of his 16 September declaration favoring self-determination after the fighting has ended.

The muzzling of any effective parliamentary opposition may have given rise to the recent wave of threats and attacks against French politicians and journalists known to favor a liberal Algerian policy. However, the die-hards are probably focusing their major hopes on the possibility of serious discontent among military and settler elements in Algeria.

The director of security for Algiers has observed that the slightest provocation would send the Europeans "into the streets." Junior and field-grade officers vow that the army is determined not to accept any cease-fire which does not require the rebels to surrender their arms.

Coordination between discontented army and settler elements does not now exist to the same degree as before the May 1958 revolt

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Opposition within the rebel movement to qualified acceptance of the De Gaulle proposals appears to have been neutralized for the time being, and there are indications that the rebels hope to arrange an early meeting with the French through Moroccan intermediaries.

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While displaying some interest in talks with the rebels, French officials have emphasized that they would discuss only a cease-fire. The rebels on the other hand almost certainly will request clarification of the De Gaulle program and may attempt to inject political issues. Rebel Premier Ferhat Abbas' 19 October appeal to the French for early negotiations was a move to take the propaganda initiative from De Gaulle and to make any subsequent talks appear a result of the conciliatory position adopted by the rebels.

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Guatemalan President Ydigoras is facing the most serious crisis of his 19-month-old administration, [REDACTED]

Harassed by mounting leftist pressures on the one hand and by intensified rightist plotting on the other, Ydigoras may be losing control of the situation. He has sought to maintain a precarious balance by manipulating the various mutually hostile political factions, but these groups, as well as elements in the politically important army, appear to be maneuvering in anticipation of his downfall. Violence may be imminent.

President Ydigoras on 14 October revealed to Ambassador Mallory that he is firmly convinced that American "groups" are backing his enemies. The ambassador fears that the widespread acceptance of the MDN claims to US support may touch

off serious violence which would damage US prestige and interests in Guatemala.

The Revolutionary party (PR), dominant leftist group at present, is the strongest single political party in Guatemala. The firmly anti-Communist PR leaders, however, are under attack by leftist splinter factions subsidized by Ydigoras in an effort to weaken the PR. The leaders of one of these factions, a virtual Communist front, have records of collaboration with the Communists. The other two are vying for the support of the still-popular former President Juan Jose Arevalo, whose 1945-1951 term paved the way for Communist domination of the succeeding Arbenz regime.

The pro-Arevalo forces are believed to be receiving financial support from the government of Cuban Prime Minister Fidel Castro. On 18 October the rabidly anti-US Arevalo, an exile from Guatemala since 1954, arrived in Cuba on the invitation of Raul Castro and Cuban student groups.

LOCAL ELECTIONS MAY PROVOKE VIOLENCE IN ECUADOR

Municipal and provincial elections throughout Ecuador on 1 November could set the stage for an uprising in Guayaquil, the nation's largest city

and scene of serious rioting in recent months. Communists, with the cooperation of some other leftist groups, are attempting to fan the existing

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public unrest in an effort to oust Conservative President Ponce and disrupt the 11th Inter-American Conference scheduled for Quito in February 1960. Even a minor public incident is potentially dangerous in Guayaquil, which has become a political tinderbox.

Ponce, who was elected in 1956 by a slim plurality, has been under steady political attack since rioting broke out in the provincial capital of Portoviejo last May. When it spread to Guayaquil in early June, the stability of his government was threatened. Guayaquil is a stronghold of opposition elements and a center of explosive labor and economic unrest, which Communists are exploiting with aggressive new tactics. Outbreaks of violence there in

October, including recent disturbances resulting from political campaign activity, suggest that the elections might touch off another serious threat to Ponce's rule.

Meanwhile, the Communists, who have been agitating in Quito, may try to foment disturbances in other cities during the elections, thus straining the ability of the nation's security forces to maintain order.

The government, which is believed to retain the loyalty of the majority of the armed forces, will probably take extensive precautions against disorders on 1 November, as it did in anticipation of possible outbreaks of violence during independence celebrations in Guayaquil on 9 October. 25X1

SITUATION IN VENEZUELA

The broad military, labor, and political backing which rallied to the support of Venezuela's President Betancourt after the arrest on 12 October of about 40 persons for conspiratorial and terrorist activity demonstrated the basic stability of his three-party coalition. The government identified the plotters as followers of former dictator Perez. Although recent subversive activity within the armed forces has probably not made substantial headway thus far, a protracted strike accompanied by violence in the key oil industry, which is negotiating a new labor contract, could give discontented military elements a pretext for an attempt against the government.

A series of bombings which began on 9 October in Caracas highlighted a recent wave of rumors of military plotting and

economic deterioration. With the exception of some brief rioting by poorer elements in the capital last August, it has been the only serious violence since Betancourt took office in February. The government charged Dominican dictator Trujillo with complicity in the subversion.

The bombings apparently were timed to take advantage of some friction among the parties in the ruling coalition and of the labor contract negotiations in the oil industry, on which the government and economy of Venezuela are largely dependent. Speculation that these talks might fail and thus lead to a strike which would paralyze the national economy or result in excessive gains for labor has frightened investors. Meanwhile, the decline in Venezuelan treasury reserves and international

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exchange--attributed largely to budget deficits since the fall of Perez in early 1958 and to a flight of capital--has also undercut confidence in the business community and provoked criticism of the government for delays in launching economic development programs.

Although diminished confidence in Venezuela as an investment area has thus aggravated the situation, the Betancourt regime still has ample foreign exchange reserves, larger than any other Latin American country.

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MEAT SHORTAGE FORCES REDUCTION OF POLISH LIVING STANDARD

At a special plenary session of the Polish United Workers' (Communist) party central committee called on 17 October to deal with a meat shortage which has persisted since mid-April, party First Secretary Gomulka announced an increase in the prices of meat and meat products. This attack on the Polish standard of living calls for a 28-percent increase in the price of pork and 14 percent for beef, in addition to increases in other meats. This measure was the latest of a series of steps to cut meat purchases, including a 26-percent increase in the price of beef on 1 June, the imposition of meatless Mondays in July, and the initiation of a loose type of rationing in Warsaw last month.

The protracted reduction in the meat supply has been caused by a number of factors, the most important being a decline in the animal feed supply. There was no increase in the number of pigs in 1958, and both pigs and sheep have declined in number this year. The number of cattle has increased, however.

Although the supply of meat has declined, demand has continued to rise. The purchasing power of urban and rural populations has been rising, and a significant share of workers'

wage increases has been spent for food--especially meat--instead of for durable consumer goods, which are expensive and of poor quality. Moreover, the rapidly growing population--reported at half a million annually--has added greatly to demand.

Nonetheless, the shortage of meat appears to be stringent only in certain areas such as Kozalin, Szczecin, and Zielona Gora, and it is not acute nutritionally, since other foods are available. During the first quarter, consumption of meat and products was up 16 percent over the like period in 1958. It is estimated that general consumption has declined since March 1959 to a level of 10-15 percent below the 1958 level of about 90 pounds per person, an amount not far below the West European average, although the quality of Polish meats may be lower.

The regime has tried to remedy the various shortages by cutting back some exports of meat and increasing some types of imports. Feed is being purchased from India and Indonesia, and credits for feed are being sought from the United States and Canada. Increasing imports raises a serious problem, since Poland imports 1,300,000 tons of grain and has an unfavorable trade balance with the

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West. Various expedients such as increased prices and feed allocation have recently been adopted to provide incentives to peasants to increase livestock output. Long-run solutions are also being sought, but the meat shortage will continue through next year.

Gomulka has stated that the increase in prices would "not be compensated by a reduction in the costs of other goods, by wage increases, or bonuses." He stated flatly, "We are putting it frankly and openly, we have to reduce somewhat the purchasing power of the population."

As to public reaction, urban dwellers naturally object to the shortages and to the reduction in their living standards, which may be as much as 4 percent. The urban worker does

not feel he has especially benefited under Gomulka's regime, and localized expressions of discontent may continue. There are unconfirmed reports of short protest strikes in Warsaw and Poznan industrial plants. The shortage is being discussed vociferously, and rumors of all types abound--some of which the regime is trying to scotch by stating that Poland does not export meat to the USSR or China, while pointing out a recent Soviet promise to ship Poland 3,000 tons of meat.

The public realizes, however, that its power of protest by political action is limited by the possibility that such action might jeopardize its right to protest and imperil Poland's recently won independence in internal affairs.

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(Prepared by ORR)

MOSCOW SHIFTS POLICE HEADS IN MINORITY REPUBLICS

The appointment of Konstantin Lunev as head of the Committee of State Security (KGB) in the Kazakh Republic, announced on 11 October, brings to four the number of security chiefs shifted in non-Russian republics since the first of September. These moves are probably part of the continuing series of personnel changes set in motion by Khrushchev late last year in an effort to put new vigor and efficiency into the party and government machinery. Changes have been made at the center as well as outlying areas of the Russian Republic, but party and government officials in the minority republics have been particularly affected.

Although the charges brought against the various dismissed officials have run a wide gamut, the "sin of nationalism" has

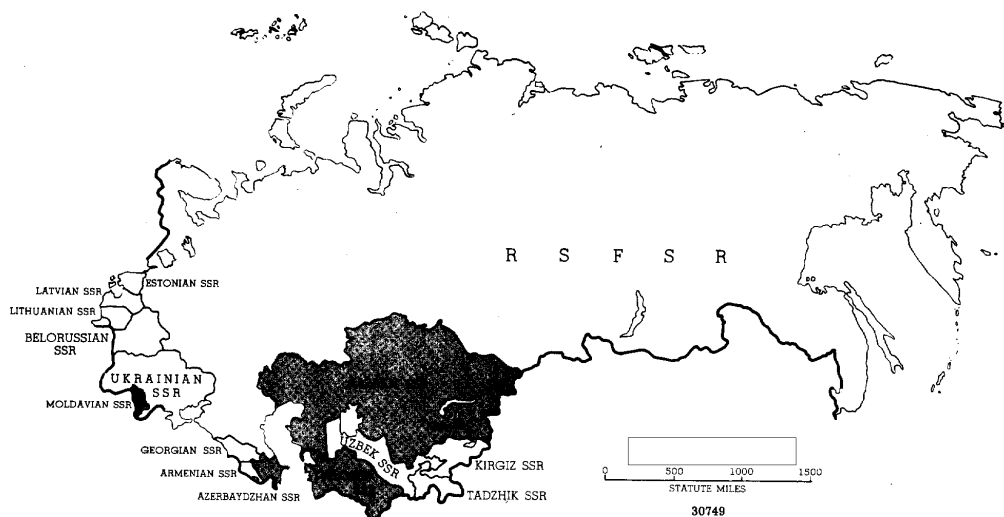
figured frequently, and Lunev's appointment comes on the heels of a stern denunciation by a Kazakh party secretary of "nationalist manifestations" in the republic.

In his new post Lunev will preside over security in a republic which ranks third in the USSR, after the Russian Republic and the Ukraine, in terms of population and economic importance. Located within the republic are many of the "new lands" areas and a number of key industrial activities. A first deputy chairman of the all-union KGB since at least January 1955, Lunev is the highest ranking police official involved in the recent shifts. The other republics which have received new security chiefs in the past two months are Turkmenistan, Azerbaydzhan, and Moldavia.

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The first secretary of the Turkmen party and one other secretary were fired in December 1958 for "gross mistakes" in their work, including "nationalism, nepotism, and malfeasance." It was charged, among other things, that they had "distorted the holy principle of internationalism in our party and adopted a disdainful attitude toward cadres of other nationalities." The Moscow correspondent of the London Daily Worker later told a US Embassy staff member that "some of the local boys got together and decided to keep Russians out."

The removal of the party first secretary in Azerbaydzhan in July of this year was laid primarily to economic causes, but there also was a suggestion of the nationalism problem in charges that "confusion was introduced into the language question" and that there had been "a relaxation of attention to propagandizing the ideals of proletarian internationalism."

There has as yet been no shake-up in Moldavia, but the party secretary in charge of

ideology there was recently the target of party criticism and an editorial blast demanding "an uncompromising attitude toward demonstrations of any kind of individualism, self-interest, and national animosity."

That similar problems exist in Kazakhstan is clear from an article written for the September issue of the authoritative party journal Kommunist by the Kazakh party secretary, D. N. Dzhandildin, in which he devotes himself to a defense of "socialist internationalism and patriotism" and to a condemnation of such "bourgeois survivals" as nationalist narrow-mindedness.

Without the help of the Great Russian people, "the elder brother in the friendly family of peoples," he wrote, Kazakhstan could not have emerged from its feudal backwardness. He reveals that there is some resentment among the native population against the influx of Great Russians and their language into the republic and that demands are heard that more local posts be filled by native citizens.

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The burden of curing the "nationalist ailment," at least to the extent that it shows itself in cultural restiveness rather than in active dissent, will fall primarily to political and propaganda leaders rather than to security officials. Moscow is plainly concerned, however, at the evidence that nationalist feelings persist,

and it will continue to shift local leaders in an attempt to ease the problem. Although problems of nationalism and localism are not necessarily new, Moscow has become particularly attentive to the damage they can cause under the more decentralized system of economic management now in effect.

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NEW SOVIET DECREE ON CONSUMER DURABLE GOODS

The Soviet Government issued a decree on 15 October which will increase moderately the availability of consumer durable goods over that originally scheduled under the Seven-Year Plan. Under the decree, the design, quality, and assortment of a wide number of metal consumer goods--including radio and television receivers, refrigerators, and sewing machines--are to be improved. New products are to be developed, and changes in the distribution of these products are to be made to eliminate local shortages. Khrushchev had promised earlier that as industrial output increased, more attention could be devoted to satisfying consumer desires.

The new decree calls for a 42-percent increase in the output of consumer durables in 1961 over 1958, as against a 35-percent increase envisaged for this period under the Seven-Year Plan. To the consumer this would be significant, but because this sec-

tor accounts for only 5 percent of Soviet industrial output, the contemplated expanded output should not affect the investment or military programs scheduled under the plan.

Various problems in the production and distribution of durable consumer goods have arisen in recent years. Although the national output of such goods has been increasing rapidly since 1953, too frequently

OUTPUT OF SELECTED CONSUMER GOODS

THOUSANDS

| PRODUCT | US 1958 | 1958 | USSR NEW 1961 GOAL | ORIGINAL 1965 GOAL |
|-------------------------|------------|--------|--------------------------|-----------------------|
| REFRIGERATORS | 3050* | 359.6 | 796 | 1450 |
| WASHING MACHINES | 3900* | 538.3 | 1215 | 2570 |
| SEWING MACHINES | NA | 2685.8 | 3470 | 4550 |
| TELEVISION RECEIVERS | 5300 | 979.3 | 1928 | 3500 |
| VACUUM CLEANERS | 3200* | 245.3 | 510 | NA |
| ELECTRIC IRONS | 5550* | 2130.4 | 6586 | NA |

* MANUFACTURERS SALES

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they are produced in small quantities at high cost by individual plants using outmoded designs. Little use has been made of mass production techniques, functional designs, and modern materials. The introduction of new products has lagged, and geographical distribution of goods has been uneven.

The new decree demands a concentrated effort by all levels of the party and government to remedy these deficiencies: the Councils of Ministers of the union republics have been given three months to organize design bureaus or experimental laboratories at leading enterprises producing durable goods; adoption of new products is to be made an integral part of fulfilling the annual plan; trade organizations are to improve their methods of placing orders for consumer goods with producing plants; and local shops producing durable goods are forbidden to close down or to curtail their output without ap-

proval from the Councils of Ministers of the union republics or from USSR Gosplan.

The decree is one of a series in the past two years to remedy specific shortcomings in the supply of goods and services to the Soviet consumer. Other such programs have included those to improve the supply of furniture and of children's clothing and to improve public restaurants. Additional consumer programs can be expected if the Seven-Year Plan continues to proceed above expectations.

During the first nine months of this year, the first year of the plan, industrial output reportedly increased 12 percent over the corresponding period of last year, whereas the 1959 plan called for only a 7.7-percent increase. Khrushchev has promised in speeches during his recent tour of the Soviet Far East that if the people work 25X1 hard they will be rewarded with more of the consumer goods "they hunger for."

(Prepared by ORR)

SOVIET AMBASSADOR IN PEIPING REPLACED

Pavel Yudin, Soviet ambassador to Peiping for the past six years, was replaced on 14 October by a relatively unknown Ukrainian party official, Stepan Chervonenko. Yudin, who according to the Soviet announcement was transferred to other work, was probably due for reassignment. Soviet diplomats as a rule do not stay more than four years in a given post. His new job has not been announced, but he does not appear to be in disfavor, since he was awarded the Order of Lenin only last month on his 60th birthday.

The change in ambassadors officially took place just four

days after Khrushchev returned to Moscow from Peiping. The decision may have been made earlier, however, since Khrushchev took Chervonenko with him on his recent trip to China and Yudin was not present. Therefore, Yudin's reassignment may be a normal rotation, but the timing of the action and the relative obscurity of his replacement could be a further reflection of the strained relations which now seem to exist between Moscow and Peiping.

Not yet a member of the party central committee in Moscow, Chervonenko has been party secretary responsible for

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supervising propaganda, Communist ideology, and party education in the Ukraine since June 1956. For at least four years before that he was head of the Department of Science and Culture on the staff of the Ukrainian party secretariat. His background has thus been similar to Yudin's but on the provincial level. Chervonenko visited Poland on two occasions in 1958, but the trip last month was his first to China.

Since 1955, Peiping has been represented in Moscow by a relatively undistinguished party official, Liu Hsiao. Despite his membership on the Chinese central committee, he is a minor figure in Chinese party circles. He does not seem to have played any significant role in Sino-Soviet relations.

Yudin, a member of the party central committee, was a leading Marxist-Leninist theoretician in the later years of Stalin's life and for a few months was a member of the party presidium. Transferred in April 1953 to diplomatic work in East

Germany, he was assigned to Peiping in December 1953. He has played a prominent role in Sino-Soviet relations, including aid negotiations, but during the past two years he has been absent from his post for long periods of time, presumably in Moscow.

Following one of these unexplained absences--one report states that he was ill--Yudin returned in November 1958 to Peiping and in his first public speech "corrected" the Chinese claim of rapid "progress toward Communism" by stressing that they were still "building socialism." The Chinese, apparently in deference to Moscow, muted their claims but continued to pursue domestic and foreign policies at variance with those of the Soviet Union. By September, Khrushchev may have felt that the time had arrived to try a fresh mind and personality in representing Soviet views and interests to the Chinese.

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NORTH KOREA OBSTRUCTING REPATRIATION FROM JAPAN

Recent actions by the North Korean Government and Red Cross Society have reinforced Pyongyang's position that Japan's arrangements for the repatriation of Korean residents to North Korea are unsatisfactory, and the movement of repatriates probably will not begin in early November as originally scheduled. North Korea has prevented effective registration of would-be repatriates by promoting a boycott through Chosen Soren, the Communist controlled General Federation of Korean Residents in Japan.

The most objectionable feature of the Japanese repatriation regulations, as pointed out in a lengthy telegram from the North Korean Red Cross Society to the Japanese Red Cross on 9 October, is the provision that prospective repatriates will be reinterviewed individually or by household at the port of embarkation. Pyongyang has repeatedly contended that this final "confirmation of will" violates the agreement reached by the two Red Cross societies at Geneva last June. This position is interpreted by the

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Japanese Foreign Ministry as strong evidence that North Korea will continue to demand that the Japanese "guide book" for repatriates be substantially modified.

Tokyo is opposed to modification of the guide book, and the official of the International Committee of the Red Cross (ICRC) who is responsible for advising the Japanese Red Cross has said that the ICRC has no intention of approving changes in its contents. On the Communist side, Pyongyang has reduced its room for maneuver in this situation by allowing its diplomatic representatives in bloc capitals to make statements which have committed North Korea more heavily to its present position. This position has also been supported in statements by the Chinese Communist Red Cross, including one on 17 October which offered a donation of about \$40,000 for the relief of Korean nationals in Japan. Peiping and Moscow press commentaries have also supported the North Korean position.

The most probable motive for Pyongyang's obstruction of the repatriation is its fear that

the number of Koreans registering for return to North Korea would be embarrassingly small. Chosen Soren originally claimed that 117,000 Koreans in Japan had signed petitions asking for repatriation to North Korea.

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Interference with the repatriation program at this time has serious disadvantages for Pyongyang. It reflects on the good faith of the North Korean regime at a time when it appears anxious to promote relations with non-Communist countries. Pyongyang may have hoped that an intransigent attitude might force direct negotiations between the two governments, but the Japanese Government has shown no willingness to bow to North Korean demands. It is possible, therefore, that North Korea may relax its demands sufficiently to permit repatriation to begin, and, should the outcome prove disappointing, renew charges of interference by Japan and the United States.

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SITUATION IN TIBET

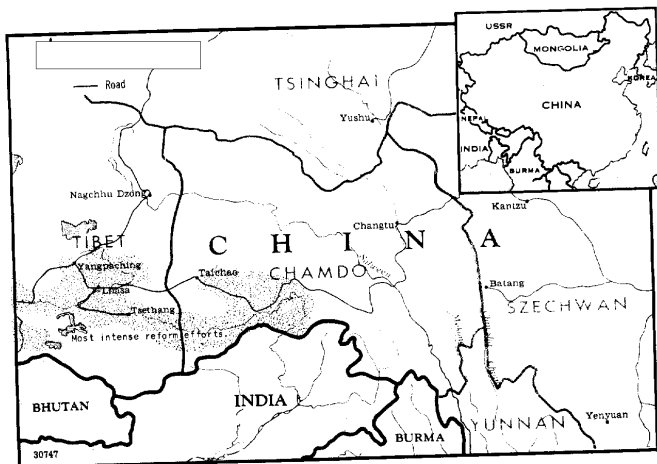
Peiping's "democratic reforms" are being rapidly carried out among the 900,000 Tibetans engaged in agriculture, according to the Panchen Lama, leading Tibetan mouthpiece for the regime. In one agricultural region with a population of 400,000, the first stage of the reform is said to be nearly complete, which means that among about one third of the Tibetan population, rebels have been suppressed, feudal labor practices ended, and rents and interest reduced. In smaller, unidentified areas, it is claimed that the second stage of democratic reform--abolition of feudal ownership and distribution of land to the peas-

ants--has also been completed.

If the claims are true, the situation reflects substantial progress toward fulfilling the new Communist plans for Tibet, which were announced officially in July. It also indicates that the regime has an effective grip on large sections of Tibet.

Two "reform laws" have been promulgated to further the program. One governs the formation of peasant associations on the county, district, and township level, and provides a valuable grass-roots network for the dissemination

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of Communist policy and the direction of peasant efforts. Peiping claims that 400 peasant associations have already been formed. The second law establishes a schedule of rent reductions and discusses land redistribution, although it is still ambiguous as to whether land ownership is individual or collective.

Peiping asserts that only 5 percent of the Tibetan population opposes the reforms, and that these are mostly "upper strata" personages who will be "pulverized" if they continue to resist.

PRO-COMMUNIST ACTIVITY IN SINGAPORE

The leading pro-Communists in the ruling People's Action party (PAP) of Singapore have steadily increased their influence in labor and government circles since their release from jail in June, but so far have carefully avoided a direct clash with the party's moderate leadership. The extremists apparently hope quietly to con-

solidate their hold on Singapore's overwhelmingly Chinese population while avoiding activities which might provoke open British intervention. The growing strength of the extremists, however, foreshadows an eventual attempt to take control of the party and government when they conclude that their interests are no longer

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served by cooperating with the government of Prime Minister Lee Kuan Yew.

Pro-Communist gains have been most spectacular in the labor field, where the top ex-detainees, especially the dynamic Lim Chin Siong, have concentrated their efforts. Since Lim joined the extreme leftist General Employees Union as an "adviser" in June, its membership has reportedly jumped from 3,000 to 15,000. The American Consulate General reports that Lim and his colleagues now control all of the organized blue-collar workers--Singapore's most militant labor segment.

Despite these gains, the extremists apparently are not now prepared for an early showdown with the moderate government leadership. A labor dispute between an extremist-controlled bus workers' union and the Singapore Traction Company has been settled without a

strike. Furthermore, the three most prominent ex-detainees recently accepted high-level government jobs as political secretaries to three cabinet members.

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In the legislative field, the government has strengthened its position vis-a-vis the extremists by extending Singapore's stringent antisubversive law, the Preservation of Public Security Ordinance, which had been scheduled to expire on 21 October. While the previous Singapore government used the ordinance effectively against subversive elements, its use creates delicate problems for the present PAP government leaders because, to be effective, it would have to be used against extremist members of their own party.

JAPANESE SOCIALIST PARTY SPLIT

The formation of a new political party by the Japanese Socialists' right-wing faction which, under the leadership of Suehiro Nishio, seceded from the party on 17 October will have widespread repercussions in Japanese politics. The confusion in the Japanese Socialist party could reduce its effectiveness as the major opposition to the dominant conservative political forces which merged into a single party in 1955, largely in response to Socialist unification.

There is much speculation that formation of the new party will encourage existing factionalism within the Liberal-Democratic party which might ultimately lead to a split in the governing party. Conservative schisms and deals with the Socialists to advance personal political ambitions may occur and could result in a revival of the unstable multiparty situa-

tion which plagued Japan from 1952 to 1955.

While left-wing moves to censure Nishio for "antiparty" activity prompted him to bolt the party, the basic cause was his opposition to the party's increasingly pro-Communist orientation and domination by the extreme leftist labor movement.



NISHIO

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An open fight between the two Socialist parties for support could split labor unions now under leftist-controlled Sohyo and increase the strength of the more moderate Zenro labor organization.

The statement of principles for the new party, which calls itself the Party Reconstruction Association, emphasizes parliamentary action to achieve "democratic socialism" and opposition to violence and class dictatorship. The party will seek a broad political base as a "people's party" and will avoid being a third party midway between Conservatives and Socialists. It will oppose constitutional changes and the present revision of the US-Japan security treaty and favor the eventual elimination of the

security treaty. The party will not espouse, however, nor join in anti-American, pro-Communist movements. Cooperation with the present Socialist party will be on a case-by-case basis.

Present plans call for the establishment of the new party by next January. It has been estimated that at least 60 to 65 Diet members are needed to ensure the group's success. At a meeting on 18 October, some 28 Diet members attended. The group hopes to attract at least 45 Diet members immediately, including 25 from the lower house, to make it an effective negotiating group at the special Diet session this month and thus assure representation on Diet committees.

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DEVELOPING STRAINS ON PAKISTANI MILITARY GOVERNMENT

Pakistan's military government, after one year in power, is faced with an apparently serious rift within the army leadership. The recent forced retirement of Lt. Gen. Habibullah, army chief of staff, probably has serious long-term implications for Pakistan's present leadership. Habibullah, who was apparently forced to retire by General Musa, the commander in chief, was considered more capable than Musa and seems to have been well liked by his fellow officers. Additional forced retirements, particularly of officers close to Habibullah, may follow.

Continuing friction within top army echelons would tend to undermine the discipline and loyalty of the army, whose united support is essential to the stability of the regime. Such infighting could well involve the

three top generals in the cabinet, thus directly disrupting the government itself.

The government is also concerned about evidence of "high treason" on the part of five civilians arrested in early October for plotting to overthrow President Ayub and his regime. In addition, the public has been following with interest the trial of the "poster plot" conspirators, who in early August tried to embarrass the government by putting up posters publicizing opposition to the regime.

Although none of those arrested in either case are especially prominent, they may eventually prove to have been in touch with well-known ousted politicians. Rumors connecting these plots with friction in the army would seriously diminish

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the government's prestige. Public reaction remains obscure, however, since the government controls the press.

These problems, involving challenges to the regime's authority and a strain on its unity, have all been centered in

West Pakistan, where the central government and the army have their headquarters. East Pakistan, however, is believed to harbor dissident elements which may in the long run present a more serious challenge to the regime.

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GUINEA

President Sekou Touré is apparently hopeful that his forthcoming official visits to several Western countries will strengthen his hand in dealing with influential domestic elements attempting to give his neutralist policy a more pro-Soviet orientation. Touré's trip, his first outside Africa



TOURÉ

since Guinea became independent a year ago, is to include a ten-day stay in the United States beginning on 26 October and subsequent visits to Britain and West Germany. He may also stop over briefly in Canada.

Meanwhile, the Communist bloc is continuing its comprehensive effort to enlarge its foothold in Guinea. Especially invited delegations from five Communist countries which

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25X1 included a number of high-level personalities were prominent at the PDG's annual congress last month. Subsequently, Conakry and Peiping announced an agreement to exchange ambassadors,

Moreover, evidence now appears conclusive that bloc countries, especially Czechoslovakia,

are receiving preferential treatment, presumably through their contacts with local pro-Communist officials, from the Guinea Foreign Trade Agency, which controls import and export licenses. In addition, increasing numbers of bloc advisers and technicians are becoming closely associated with a wide variety of state services and government-sponsored activities in Guinea. 25X1

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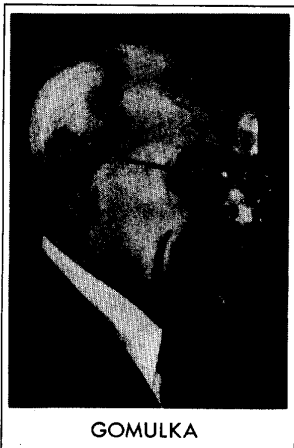
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PART III**PATTERNS AND PERSPECTIVES****CHURCH-STATE RELATIONS IN POLAND**

Relations between the Catholic Church in Poland and the Communist government have been characterized by constant jockeying for advantage since Cardinal Wyszynski and party First Secretary Gomulka signed a truce in December 1956. The situation remains potentially explosive, and probing actions by both sides have resulted in periodic incidents, but open conflict has been avoided as neither church nor government authorities desire a serious deterioration in relations at this time.

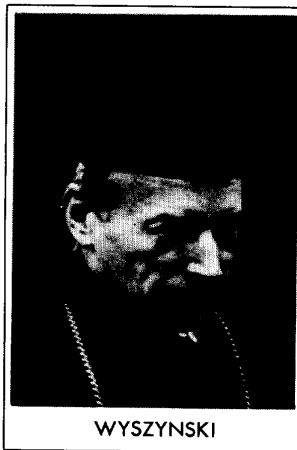
When he returned to power in 1956, Gomulka realized that the Stalinist regime had failed to stamp out religious sentiment in Poland and that overt persecution had in fact increased the traditional identification of the Catholic Church with Polish nationalism. Church and government leaders alike knew that a modus vivendi was essential if the situation



GOMULKA

was to be stabilized. Gomulka needed a truce in order to govern Poland without the use of force and police terror; the church welcomed one to gain a reprieve.

Both Gomulka and Wyszynski hoped by their agreement to keep conflict within reasonable limits.



WYSZYNSKI

Many Areas of Friction

Recurring incidents are inevitable in so delicately balanced a situation, in which each side attempts to extend its own power and influence while still observing the letter of the truce. The most serious episode since Gomulka's return to power was the government's raid on the Jasna Gora Monastery in July 1958. Other disturbances have occurred from time to time--sometimes involving physical violence--over the matter of burying Communists in consecrated ground, the government's order for the removal of crucifixes and other religious articles from schoolrooms, and the regime's refusal to permit the building of new churches in some communities. A few priests have been tried and convicted on a variety of charges--some of them obviously trumped up.

During the past year the state has put pressure on Cardinal Wyszynski to replace some

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members of the church hierarchy. Two church officials regarded by the regime as especially undesirable are Bishop Kaczmarek of Kielce and Archbishop Baraniak of Poznan. Kaczmarek, long known for his outspoken hostility to Communism, was convicted in 1953 for treason and antistate activity--charges which were formally voided in April 1957. Moderate party and government officials have resisted demands for Kaczmarek's arrest because he is very popular in Kielce and they fear sharp popular reactions.

Cardinal Wyszynski has refused government requests to remove Kaczmarek on the ground that he has no authority to remove a Vatican appointee. A

Another area of friction is the matter of transferring priests from one parish to another--an action requiring government approval under the 1956 agreement. On several occasions a bishop has refused the local government officials' requests to transfer priests; later the authorities have retaliated by withholding their approval for routine transfers which the church wished to make. Church officials also complain that the regime has become much more strict about granting passports for travel abroad by clergymen.

Ecclesiastical circles in Poland have become concerned in recent months over the government's threat to cancel the exemption from military service granted to theological students. Church officials fear that many

young men will be corrupted by army life and will not return to theological seminaries.

Difficulties have also arisen between the church and the government over the latter's refusal to issue permits for the construction of churches in some localities and for the repair of others. In many instances, the reason given by government officials is that scarce building materials and equipment should be used to build homes and industrial installations rather than churches, which "contribute nothing" to the standard of living. Nevertheless, Cardinal Wyszynski, in a sermon on 15 August, publicly thanked the government for its assistance in rebuilding some of Poland's famous old cathedrals and churches.

Government Financial Offensive

The government launched a financial offensive against the church last spring. This is potentially the most serious threat to the church since the detente of 1956. By reinterpreting the law which exempted church funds used for religious purposes, the state placed the church in the same category as profit-making organizations, which are very heavily taxed. Although the new interpretation of the tax law has not yet been generally applied, it could--if rigorously enforced--virtually eliminate many of the church's social welfare activities, seriously restrict its construction program, and force a sharp curtailment of other functions. The government has also placed a high tax on church repairs, limited the construction of new churches, and prevented special fund-raising drives.

Application of the new tax regulation has been rather spotty and arbitrary, hitting religious

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orders such as the Jesuits more frequently than parish priests. The state has attempted to collect newly imposed taxes from some parishes, while other priests and parishes in the same dioceses have been left alone.

The state also has blocked the bank accounts of seven of the 25 dioceses in Poland and frozen other church accounts. Although the blocking of these accounts has caused some difficulty in meeting current bills, the affected organizations, by shifting over to a system of cash transactions and stopping deposits to the blocked accounts, have avoided serious financial hardships.

Control of Relief Parcels

The question of who should control the receipt and distribution of parcels sent to Poland by the American National Catholic Welfare Conference (NCWC) has long been a sore spot in church-state relations. These parcels--containing mostly secondhand clothing, food, and medicine--originally were addressed to the cardinal, and the church exercised exclusive control over their distribution.

Last year the government demanded that the church share its control. The church refused, and many parcels remained in storage at ports of entry for long periods of time. Although the episcopate later agreed to permit joint distribution of parcels specifically intended for flood victims, the issue as a whole remains unresolved.

As a result of the dispute, shipments of parcels by the NCWC have virtually ceased.

Desecration of Churches

Recent press reports tell of a number of instances of thefts from churches and desecration and destruction of sacred objects and relics. A statement attributed to Cardinal Wyszyński charged that since April about ten churches in the Warsaw area have been the scenes of thievery, vandalism, or both. Other reports state that several instances of vandalism and sacrilegious thefts of church property have also occurred in the provinces. Money has been stolen from several churches.

Some people charge that these incidents are the result of regime-inspired pressure on the church, but this seems unlikely. Acts of vandalism and desecration deliberately undertaken by the regime would be more likely to arouse sympathy for the church and strengthen the resolution of the faithful than to frighten them.

Vandalism, hooliganism, drunkenness, and widespread thievery have become increasingly serious problems for the Communist regime, and it would indeed be remarkable if some of the vandalism and thievery had not been directed against churches and church property.

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Prospects

Government officials recognize that the hold of the church on the Polish people will always be a challenge to the authority of the state, and they will continue to seek ways to minimize the church's role in Poland without provoking open conflict. Church leaders, while resenting the many regime-imposed restrictions and viewing them as

dangers to the church's position, hope to avoid an open break and a disruption of the detente, which still permits Catholicism more freedom than it enjoys anywhere else behind the iron curtain.

High-level Catholics have expressed the belief that, despite the many regime pressures, the peak of tension has passed, at least for the present, and that minor improvements are possible.

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POLITICAL SITUATION ON OKINAWA

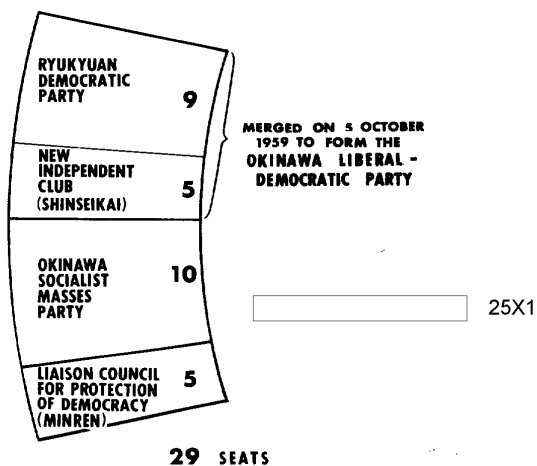
Political consciousness in the Ryukyu Islands, awakened in the recent controversy over land acquired by American military forces, has turned to the question of greater autonomy and is strengthening middle-of-the-road opposition to American occupation policies. The move for increased autonomy, which has been focused on the selection of an interim chief executive of the Ryukyuan Government pending the outcome of legislative elections a year hence, is actually an early step toward reversion of the islands to Japan.

The Legislature

The Okinawa Socialist Masses party (OSMP) in the March 1958 legislative elections capitalized on its expanded local organization, its moderate opposition to the American administration, and its constructive suggestions for settling the land problem to become the major party at the expense of the Ryukyuan Democratic party (RDP), which had extended unqualified support to American authorities.

The elections gave the OSMP a plurality in the 29-seat

Ryukyuan legislature which they kept until 5 October 1959, when the principal conservative political groups, although still faction-ridden, merged into the loosely knit Okinawa

RYUKYUAN LEGISLATURE

Liberal-Democratic party (OLDP) in order to become the leading party.

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The Chief Executive

While the Ryukyuan legislature and municipal assemblies are elected, officials of the executive branch of the central government are appointed by the US Civil Administration for the Ryukyus (USCAR) which parallels the government structure. There is restiveness over USCAR's exercise of authority and over the appointive system, especially the appointment of the chief executive as stipulated by a US executive order; these issues may become important in the November 1960 legislative elections.

Nevertheless, Okinawans thus far has pressed only mildly for the election of the chief executive. The two major parties have indicated a willingness to continue the appointive method as long as it is based on the approval of the numerically strongest party in the legislature.

The term of the present chief executive, conservative Jugo Thoma, expires on 11 November, and the US high commissioner, who had been consulting with the two major parties about naming a successor, on 21 October announced the appointment of Deputy Chief Executive Seisaku Ota to the post.

Ota, who is 56 and a native of Okinawa, has had a distinguished career in the Japanese civil service, most of which was spent in posts outside the Ryukyus. He was graduated from the law department of Waseda University in Tokyo and served in responsible administrative and judicial positions on Kyushu, Taiwan, and Okinawa prior to World War II. Ota served on Okinawa during two periods in the 1930s as a judge of the Naha city courts. His highest position in the Japanese service was as civil administrator of the Pescadores Islands, to which he was appointed in 1942. Prior to his assumption of the deputy chief executive's post in the

Ryukyus, Ota headed the Okinawa Repatriates Association on Kyushu.

Ota is an adviser and one of the principal sponsors of the newly formed OLDP and, while considered close to Thoma, probably exercises a moderating influence on him and his intra-OLDP rival, Seiho Matsuoka. The OSMP previously has given indications that it would support Ota in the chief executive's post if its own nominee, legislative speaker Tsumichiyo Asato, failed to obtain the appointment. The high commissioner's announcement did not specify the length of Ota's term, although Ryukyans generally expect that a new chief executive will be appointed following the November 1960 legislative elections.

Party Prospects

In the long run, the maneuvering for the chief executive's post will probably be less important than the results of the 1960 elections, which should indicate whether the OSMP-sponsored trend toward opposition to USCAR continues or whether the conservatives can stage a comeback. The conservatives, relying for their support on a "political boss" system rather than a grassroots organization, apparently have failed to keep pace with the changing political climate, especially in the urban areas of Okinawa. The OLDP must ameliorate



THOMA

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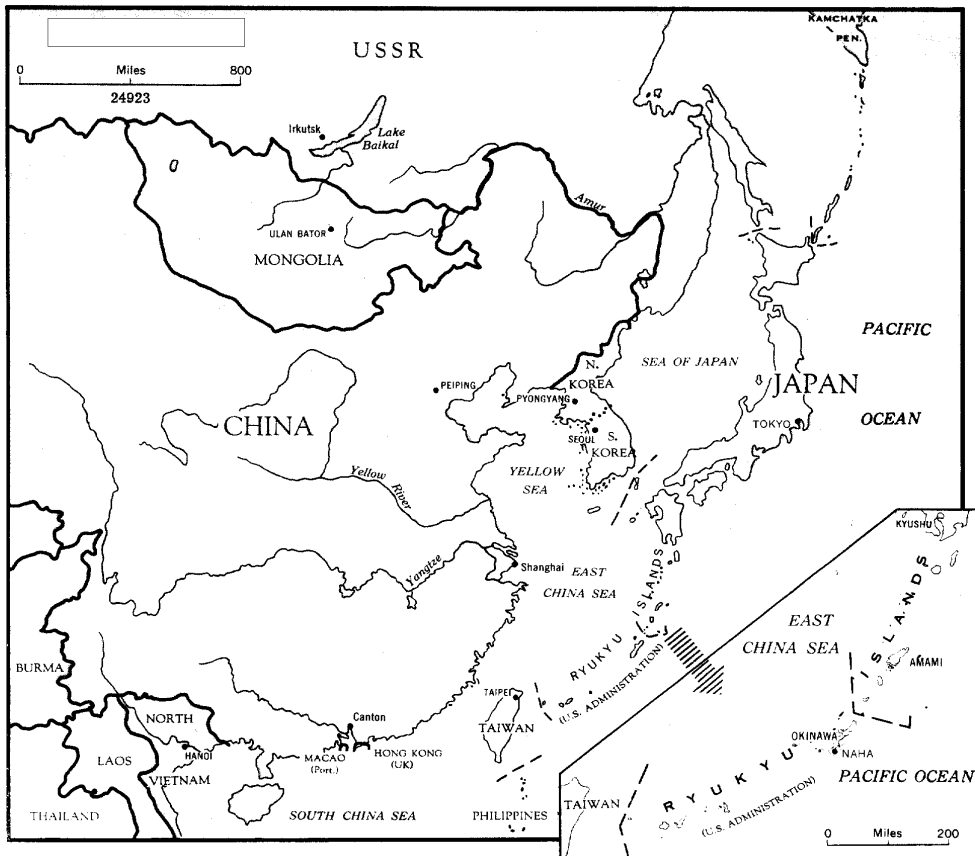
intraparty differences and improve its organization, and can be expected to adopt a stance in mild opposition to USCAR in order to gain popular support.

During the crisis over the land issue, the extreme leftists, represented by the Liaison Council for the Protection of Democracy (Minren) and its parent party, the pro-Communist Okinawa People's party, exploited the large protest vote to win a series of elections, including successive mayoral contests in the capital city of Naha and five seats in the Ryukyuan legislature. However, leftist influence has declined markedly following successful

settlement of the land problem. The United States now pays rental fees negotiated every five years rather than the previous lump sum for indefinite lease of land for bases.

Reversion to Japan

Political developments in the Ryukyus basically revolve around ultimate reversion of the islands to Japan. Despite the higher standard of living under the American occupation than under the Japanese and despite the realization that this standard would deteriorate following reversion, virtually all Ryukyans desire that the islands be restored to Japan so

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they can gain full citizenship rights. Although the 1952 peace treaty recognizes Japan's "residual sovereignty" over the islands, the United States has emphasized that exercise of this sovereignty cannot be considered "so long as conditions of tension exist in the Far East." Most Ryukyuan recognize that reversion under present conditions is at best a theoretical question.

Japan's Position

The Japanese are most attentive to developments in the Ryukyu Islands and are as anxious for reversion as the Ryukyuan themselves. The government of Prime Minister Kishi has been careful, however, not to press the issue nor to antagonize the United States. Whenever an Okinawan issue--frequently the result of leftist exploitation of some minor matter--inflames the Japanese public, Kishi has made representations to the United States or even proposed a Japanese-sponsored program for the Ryukyus. Such issues as the Okinawan land controversy, the conversion to US currency in 1958, the recent revision of the penal code, and the closing of international

waters for gunnery exercises have been misrepresented by anti-American elements to keep alive the issue of reversion to Japan.

At the official level, the Japanese Government has endeavored, with some success, to play a constructive role in Ryukyuan affairs. A Japanese proposal to send technicians to instruct Ryukyuan officials in family-registration census methods has been approved, and a similar program for instruction in schoolteaching methods has been inaugurated. Tokyo also hopes to expand technical assistance to agriculture, fisheries, small and medium industries, and public construction.

On the other hand, the Kishi government has decided not to include the Ryukyu Islands in the area covered by the revised US-Japanese security treaty, now under negotiation, until they are returned to Japan. This decision was predicated on the realization that their inclusion would, probably more than any other single issue, intensify reversionist pressures in both Japan and the Ryukyus.

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